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## U S Interests in Southeast Asia

U S interests in Southeast Asia parallel larger U S interests in the Asia-Pacific region. Broadly, these interests are to ensure regional stability, encourage continued economic success and advance regional prosperity, and promote democracy within Southeast Asia.<sup>1</sup> These are examined further below.

Stability and security is a major U S interest in Southeast Asia. The facilitation of a stable region and the reduction of conflict potential remain U S global objectives, which in Southeast Asia have achieved a measure of success. Regional stability serves two essential purposes. First, continued stability creates an environment in which economic growth is possible. This enables regional advancement and prosperity, and contributes as well to U S economic growth. Second, continued stability makes it possible for smaller U S military force deployments in Southeast Asia. Thus, limited forces can be deployed to other regions where those tools may be used more effectively to promote U S interests.

To pursue these interests, U S objectives in Southeast Asia tend to focus on reducing the destabilizing affects of unfettered arms sales, stemming the proliferation of WMD (i.e., chemical and biological weapons potential), and support for the Southeast Asia Nuclear Weapons Free Zone.<sup>2</sup> Although ASEAN countries are not pursuing large-scale military modernization (largely being pursued to replace outmoded equipment), the result has been an increase in force projection capability. Maintaining conventional regional balances of power and reducing the desire for WMD acquisition to counter any perceived strategic imbalance is also a key objective. Furthermore, keeping open sea lines of communication and seeking non-peaceful resolution of disputed South China Sea territories are also important to U S regional interests.<sup>3</sup>

The United States also supports regional efforts designed to encourage stability. For example, the ASEAN Regional Forum (ARF) has emerged as a multilateral organization striving to ease tensions, reduce suspicions and cultivate an atmosphere of habitual consultation.<sup>4</sup> It is through this vehicle, which serves to complement U.S.-regional bilateral security agreements, that the United States further promotes its interests and maintains a leadership role in the region. That no ASEAN nation believes that inter-ASEAN conflict is likely,<sup>5</sup> is testament to the success of the organization's charter. As outlined in the 1995 ARF Concept Paper, this charter promotes ARF evolution through three stages of security cooperation: 1) confidence building; 2) preventive diplomacy, and 3) elaboration of alternative approaches to conflict. ARF provides a regional forum beneficial to Southeast Asia and the United States by encouraging peaceful conflict resolution with active U.S. involvement.

Continued economic prosperity is another major U.S. interest. According to the Clinton Administration, the United States must remain committed in the near and long-term to "a vibrant, healthy, strong ASEAN economy." This is necessary, "not only because it helps the people of this region and therefore promotes stability and prosperity here, but because our own prosperity depends upon it."<sup>6</sup> As outlined in *A National Security Strategy for a New Century*, bolstering America's economic prosperity is a major global U.S. interest. This objective largely is pursued in Southeast Asia by seeking out favorable economic and trade relationships through the Association of Southeast Asian Nations (ASEAN).

With a total population of more than 400 million, Southeast Asia covers an area of over 1.4 million square miles and sits adjacent to strategic sea routes joining the Pacific

with Europe, Africa and the Middle East<sup>7</sup> This region is important to the United States for access to, and promotion of, existing and emerging markets With a combined GDP of over \$500 billion and a 7 percent growth rate sustained over the past six years, ASEAN has become the fourth largest trading partner of the United States and the third largest source of imports Two way trade has grown to over \$100 billion with U S. investments topping \$20 billion and increasing<sup>8</sup> The area is replete with natural resources and has a work force skilled for manufacturing and modern industry Maintaining progressive and market-oriented policies and unprecedented economic growth have been a hallmark of the region

It is clearly in the U S interest to promote economic stability Market and currency stability provide incentives for large-scale U S investment by enabling corporations and businesses to produce substantial regional profits The globalized and interdependent market economy in Southeast Asia benefits the region and the U S consumer with adequate goods and services at reasonable prices A growing U S economy is necessary to continued improvements in the U S standard of living

The third area of U S interests is defined as the promotion of democracy, respect for the rule and nature of law, and the advancement of human rights within the region<sup>9</sup> Although many might consider these interests as minor, they strongly support and interact with U S pursuit of regional stability and economic prosperity For example, as seen in many other countries, introducing democratic principles and respect for its citizens can improve domestic stability and lead to increasingly important representational government For example, in this regard, U S objectives in Vietnam and Burma can contribute to those nations full acceptance into ASEAN, thus strengthening regional economic stability and prosperity The stability of these nations further reduces the potential for cross-border

incursions and contributes to overall regional stability. Stability also fosters an atmosphere in which regional solutions to transnational issues, such as drugs and the environment, can be resolved. "Although the post-Cold-War era has left the region largely free of conflict and many age-old rivalries stemming from the colonial era and even before have passed into history," a State Department official said, "there will always be a concern that today's peace and prosperity, if not carefully nurtured, could slip away."<sup>10</sup> It is in this spirit that the United States continues to nurture countries on the road to becoming more representative and democratic.

#### Threats and Challenges to U S Interests

There are a number of challenges and potential threats to U S interests in Southeast Asia. Perhaps the greatest challenge is the current economic crisis in Asia. Excessive lending from overly enthusiastic private corporations and financial institutions contributed to large and unsustainable private debt.<sup>11</sup> An apparent culturally driven lack of transparency<sup>12</sup> and absence of oversight safeguards generally accepted in Western markets prevented sound financial analysis of the magnitude of the problem. As they say, "good money followed bad," as industry and banking perpetuated poor monetary practices. In addition, the absence of established institutional supervision combined with (to varying degrees in different countries) corruption, nepotism, crony-capitalism, and kleptocracy, hid the full weight of the crisis until very late. Beginning in Thailand and spreading to Indonesia and South Korea, the crisis threatens regional growth and stability. In fact, a recent poll of Asian Executives rated Indonesia, Malaysia, Thailand, the Philippines, and Singapore as relatively poor investment opportunities for 1998. Polling data also showed that Indonesia and Thailand likely would experience the greatest political and social

instability<sup>13</sup> The economic crisis could also affect adversely international financial markets and the U.S. economy

To further economic stability and thus benefit our own economic goals the United States supports IMF (International Monetary Fund) initiatives to prevent further spread of the crisis, restore financial stability, and protect international markets<sup>14</sup> Continued support for inclusion of additional nations into ASEAN, and actions to westernize regional business practices also furthers these objectives

Another challenge centers on the resources of the South China Sea, which afford vast potential for regional growth and conflict Competition for potential oil and natural gas reserves, fisheries, territory, and critical sea lines of communication are sources of potential regional conflict. Territorial claims by China to the Spratly Islands are in dispute with Malaysia, the Philippines, Vietnam, and Brunei Though not yet in a position to hold territory in the South China Sea by force, the Peoples Liberation Army (PLA) likely will react with hostility to alter the status quo<sup>15</sup> Although the U.S. position does not take a side with respect to ownership, the potential affect on vital sea routes is clear Therefore, the U.S. position further affirms the necessity of a peaceful resolution Elsewhere, some 180 vessels a day pass through the straits of Malacca, the world's second busiest waterway<sup>16</sup> Restricting the shipment of oil from the Middle East to Japan and goods from the region through that strait would affect adversely regional and U.S. economic interests and freedom of navigation

Confrontation between Taiwan and the PRC remains the single most dangerous flash point that could affect Southeast Asia<sup>17</sup> Attempts by Taiwan to pursue greater independence, as viewed by China, would induce a strong response from the PRC Such

action might result in active U S intervention and possible military action U S interests in Southeast Asia likely would suffer as resources and attention was focused elsewhere.

Another potential threat to regional stability arises from the mistrust between the PRC and ASEAN PRC military modernization plans can be interpreted easily as growing (and unwelcome) PRC hegemony throughout Asia PRC dominance of the South China Sea and of critical sea lines of communication could lead to de-stabilizing and resource diverting arms programs within ASEAN, or even the desire to acquire WMD to balance a perceived PRC military threat Such efforts would run counter to U S support for regional arms control mechanisms as set out in the 1995 U S Policy on Conventional Arms Transfer U S efforts likely will seek to strengthen ASEAN confidence in U S security commitments and check PRC assertiveness<sup>18</sup> to demonstrate U S resolve

Finally, U S interests can be challenged by domestic unrest in various countries in Southeast Asia Country instability can spill over to other countries and thus affect regional markets, trade, and investments Instability and security are linked in ways that might require some level of U S intervention For example, the rise of militant Islam in the Philippines has the potential to lead to civil war The struggle for democracy in Vietnam still requires political and human rights reforms The internal Burmese conflict against the State Law and Order Restoration Council (SLORC) has led to a breakdown of the rule of law and threatens regional stability<sup>19</sup> Finally, the financial crisis in Indonesia still requires close IMF cooperation to prevent further damage to that nations' fragile economic state Although no universal solution is evident, the contributions of each nation in terms of economic stability, legitimate government contributions, including the advancement of citizen rights, are essential elements to any, and in particular this region's security



## Opportunities for U S Policy

This section raises the possibility of some unique opportunities for the United States. In a strategic sense, one is the possibility of U S -ASEAN-Japanese consortium to deal with looming PRC hegemony and Western reliance (including Japan) on Middle East oil reserves. The avenue through which this might be possible is through large-scale investments, particularly in energy resources and infrastructure in Southeast Asia.

Although Southeast Asia accounts for only about 6 percent of world gas and oil production, a number of significant offshore discoveries have yet to be developed.<sup>20</sup> Indonesia dominates current production. Total discovered reserves amount to about 300 billion barrels of oil equivalent (BOE), of which 125 BOE are estimated recoverable. Analyses suggest that up to 50 trillion BOE of oil and gas may lie in the region.<sup>21</sup>

As Southeast Asia industrializes and experiences rapid economic growth, the region will generate increased energy demands.<sup>22</sup> Its economic future will be affected by global trading in energy commodities. Through significant investment in exploration and development of these resources with ASEAN, the United States and Japan could contribute to future regional economic prosperity, reduce their reliance on oil from the unstable Middle East, expand the PRC's oil market reliance on Southeast Asia, and anchor economic solidarity with Southeast Asia in the face of PRC hegemony.

A second great opportunity lies in using U S strategy in Southeast Asia as a model for other regions. The current U S security approach offers a continued presence of U S forces without their actual deployment. For example, the U S Navy conducts some 80-90 Singapore visits each year. Singapore also hosts periodic temporary stationing of airforce contingents in accordance with the "swing" strategy of USCINCPAC between Northeast

Asia and the Middle East ASEAN countries have offered generous access to compensate for former bases no longer occupied. U.S. Navy vessels receive periodic scheduled maintenance in Indonesia and Malaysia's commercial facilities are available for aircraft and ship repair (Singapore as well) <sup>23</sup>

This "places not bases" approach permits reduced expenditures for U.S. military forces and promotes favorable military relations. Combined with International Military Education and Training (IMET), foreign military sales, and multilateral cooperation to complement bilateral agreement, <sup>24</sup> this opportunity holds financial advantages very attractive to U.S. interests and priorities. Diplomatically, this model could serve U.S. interests well. Through regional forums, ASEAN, and ARF, Southeast Asia has established an effective conduit to resolve future regional issues without expensive U.S. direct leadership or responsibility in resolution of crises. The United States retains "dialogue partner" status in ASEAN and is a fully endorsed member of ARF, permitting the United States influence without the expense of a larger regional military presence. Thus the United States can promote its own interests without a heavy hand. Such action permits maturity of regional actors to rightful leadership status and contributes to the regional solution of challenges and threats.

#### Policy Recommendations

U.S. policy options for Southeast Asia must first and foremost hold to the overall strategy for the Asia-Pacific region, and serve in a manner both synergistic and complimentary to U.S. interests. In a broad sense, four pillars of U.S. security policy for Asia are in practice: 1) bilateral relations, in particular with Japan, 2) multilateral relations with ASEAN, 3) engagement with the PRC; and 4) control of WMD <sup>25</sup>

In terms of Southeast Asia specifically, the first two pillars support the necessity of halting, and reversing the financial crisis as it affects the countries in the region. U.S. support for IMF plans tailored for each country must be continued if sufficient reforms are to be realized with true economic improvement. Steps required include the reorganization of financial structures, financial regulation transparency, and market access.<sup>26</sup> Properly implemented IMF assistance might help prevent potential domestic conflict and collapse in Indonesia,<sup>27</sup> could help those countries become better customers for U.S. exports that provide some eleven million Americans with jobs and a higher standard of living,<sup>28</sup> and encourage large-scale foreign investment.

Although not part of Southeast Asia *per se*, engagement with the PRC and strong commitments to Japan are critical to continued regional stability from both U.S. and regional perspectives. The prevention of the PRC's emergence as a regional hegemon is essential from the U.S. perspective. The PRC's undesired dominance of existing deep-water ports or sea lines of communication in the South China Sea places transfer of oil and trade at greater risk than today. This dominance has the potential to increase tension due to competing claims that must be resolved diplomatically according to the 1992 UN Law of the Sea Convention. The encouragement of joint development initiatives is one method by which the United States may assist in territorial dispute resolution permitting benefits to multiple nations and contributing to stability.

A strong alliance with Japan is essential to ease regional antipathies of Japan as potential aggressor.<sup>29</sup> It is here that U.S. cooperation with ASEAN has strong potential in understanding, communication, and resolution of intentions and interests to avoid unnecessary military posturing. The United States must maintain strong bilateral and

multilateral relations to both avoid the costly expenditure of resources, and to demonstrate clear commitment to a major role in peaceful conflict resolution. As stated in May 1995, the United States supports intense diplomatic efforts to resolve issues. The United States is not interested in taking sides, but will act to keep the sea lanes open if freedom of navigation is threatened.<sup>30</sup>

Close work with ASEAN, the PRC, and Japan will also further U S interests in preserving the region's military balance while preventing the spread of WMD. Along these lines the United States should continue to support the concept of the Southeast Asia Nuclear Weapons Free Zone (SANFWZ). The United States should continue to work toward an acceptable SANFWZ; it can be a signatory to. Discussions relating to the language of the 1995 Bangkok treaty remain a source of U S concern. The treaty established Exclusive Economic Zones, and defined continental shelves that have the potential to contribute to territorial conflict inconsistent with the UN Law of the Sea Convention.<sup>31</sup>

U S policy options for Southeast Asia must in the future permit U S interests to be advanced in a stable environment, without the introduction of additional military forces to preserve limited resources. The use of the regional forums of ASEAN and ARF permit regionally oriented solutions, thus allowing the United States a primary role while bilateral relationships continue vital agreements permitting stability. The preservation, and nurturing of existing and emerging democratic governments creates an environment for human rights observance, economic stability, respect for the rule of law, and the environment. These options will permit continued economic growth in the region contributing to U S economic prosperity, preserve stability in the region reducing the

necessity for expensive US military intervention, and continue the expansion and encouragement of regional forums for critical resolution of crises

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<sup>1</sup> Madeline Albright, 'International Cooperation Can Build Prosperity,' Text of remarks in Los Angeles on Southeast Asia, USIA The US Commitment to Security in the Asia Pacific 23 July 1997, p 1

<sup>2</sup> Ibid, pp 3-5

<sup>3</sup> Ibid, p 7

<sup>4</sup> USIA, Fact Sheet, p 1

<sup>5</sup> Ibid, p6

<sup>6</sup> Stuart E Eizenstat, Under Secretary of State for Economic, Business and Agricultural Affairs 'Vibrant ASEAN Economy Benefits all Countries,' Text of remarks at ASEAN PMC Press Conference, USIA

<sup>7</sup> USIA, "Association of Southeast Asian Nations (ASEAN)," Fact Sheet, date unknown p 2

<sup>8</sup> Winston Lord, Assistant Secretary of State for East Asian and Pacific Affairs "Southeast Asia Regional Security Issues Opportunities for Peace, Stability, and Prosperity," Statement before the House International Relations Committee Asia and Pacific Subcommittee, May 30 1996 Pp 2-3

<sup>9</sup> Madeline Albright, "The United States Will Remain a Pacific Partner," Text of speech to East Asia-Pacific Foreign Ministers, Sept 23 1997, p 2

<sup>10</sup> Lord, p 2

<sup>11</sup> Madeline Albright, "The Economic Crisis in Asia," Op-Ed for Diario Las Americas, Miami Florida February 1 1998, p 1 U S Dept of State

<sup>12</sup> Dr Bud Cole, notes from classroom discussion, Southeast Asia, 23 February 1998, NWC

<sup>13</sup> "Asian Executives Poll," Far Eastern Economic Review, January 15, 1998, p 30

<sup>14</sup> Albright, "Economic Crisis in Asia," p 1

<sup>15</sup> Ibid p 52

<sup>16</sup> Lt Col William Murray USMC, Interview, 23 Feb 1997

<sup>17</sup> 1997 Strategic Assessment Flashpoint and Force Structure National Defense University, Institute for National Strategic Studies, Washington, DC, GPO 1997, p 51

<sup>18</sup> 1997 Strategic Assessment Flashpoint and Force Structure, p 53

<sup>19</sup> Albright, 'The US Will Remain a Pacific Partner,' p 2

<sup>20</sup> Jim Howes, "Petroleum Systems, Resources of Southeast Asia, Australasia," Oil and Gas Journal Dec 15, 1997 P 52

<sup>21</sup> Ibid

<sup>22</sup> "Opportunity Abounds in Asia's Energy Markets," Oil and Gas Investor, Dec 1997/Jan 1998, p 3

<sup>23</sup> Lord, p 2

<sup>24</sup> Lord, p 8

<sup>25</sup> William Cohen Press Conference U S Embassy, Japan, 21 January 1998, p 1

<sup>26</sup> Albright, "Economic Crisis in Asia," p 1

<sup>27</sup> Capt Jack Kelso, USN, notes from classroom discussion, Southeast Asia, 24 February 1998 NWC

<sup>28</sup> Albright, "Economic Crisis in Asia," p 1

<sup>29</sup> Capt Jack Kelso, USN, 24 February 1998

<sup>30</sup> 1997 Strategic Assessment Flashpoint and Force Structure, p 51

<sup>31</sup> Lord, p 7